

Headquarters U.S. Air Force

Integrity - Service - Excellence

FY03 Air Force Budget



1 February, 2002

Major General Stephen Lorenz

Air Force Director of Budget

U.S. AIR FORCE

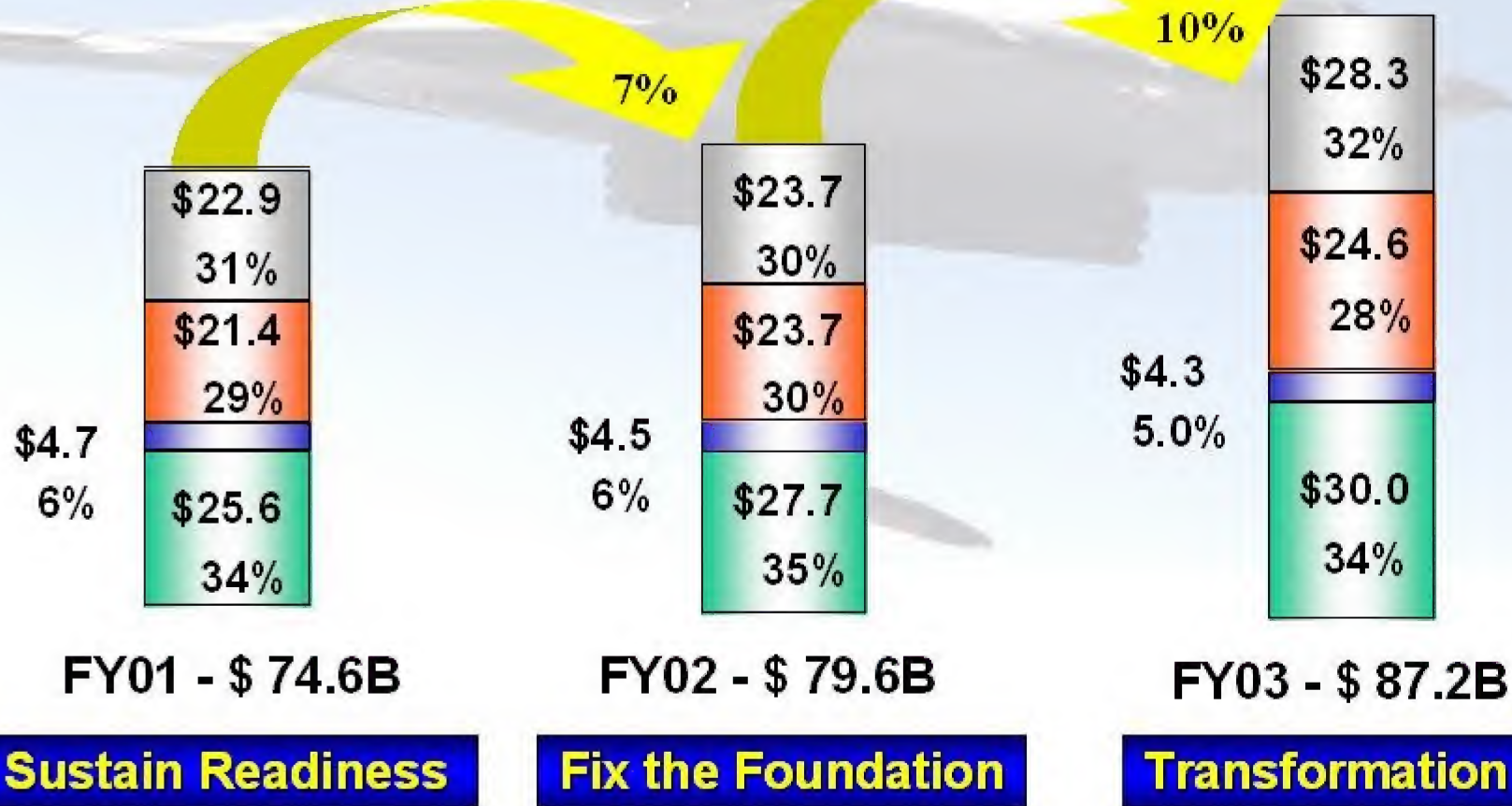


Overview

- **Our Theme: Accelerating Transformation**
 - **War on Terrorism**
 - **The Air Force Budget**
 - **People**
 - **Operations / Readiness**
 - **Physical Plant**
 - **Modernization / Transformation**
 - **Summary**
-



Accelerating Transformation FY01 - FY03 Comparison



■ People ■ Physical Plant ■ Ops & Readiness ■ Mod/Transformation

*Then Year Dollars

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% Net Change



Then, September 11th . . .

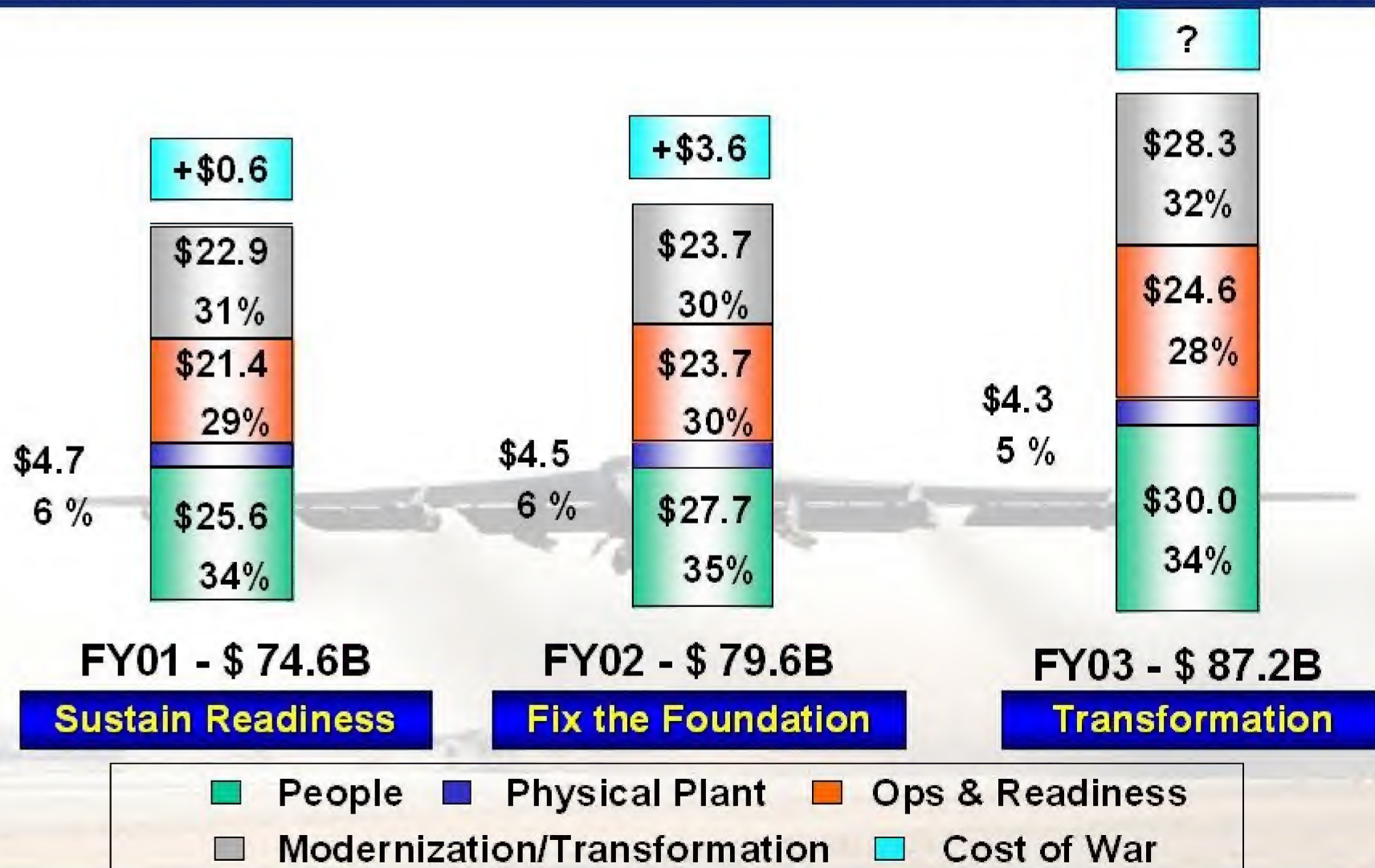


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Accelerating Transformation

Cost of War





FY03 Air Force Budget

**People \$30B
+ \$2.3B**



**Readiness \$24.6B
+ \$0.9B**



**Physical Plant \$4.3B
- \$0.2B**



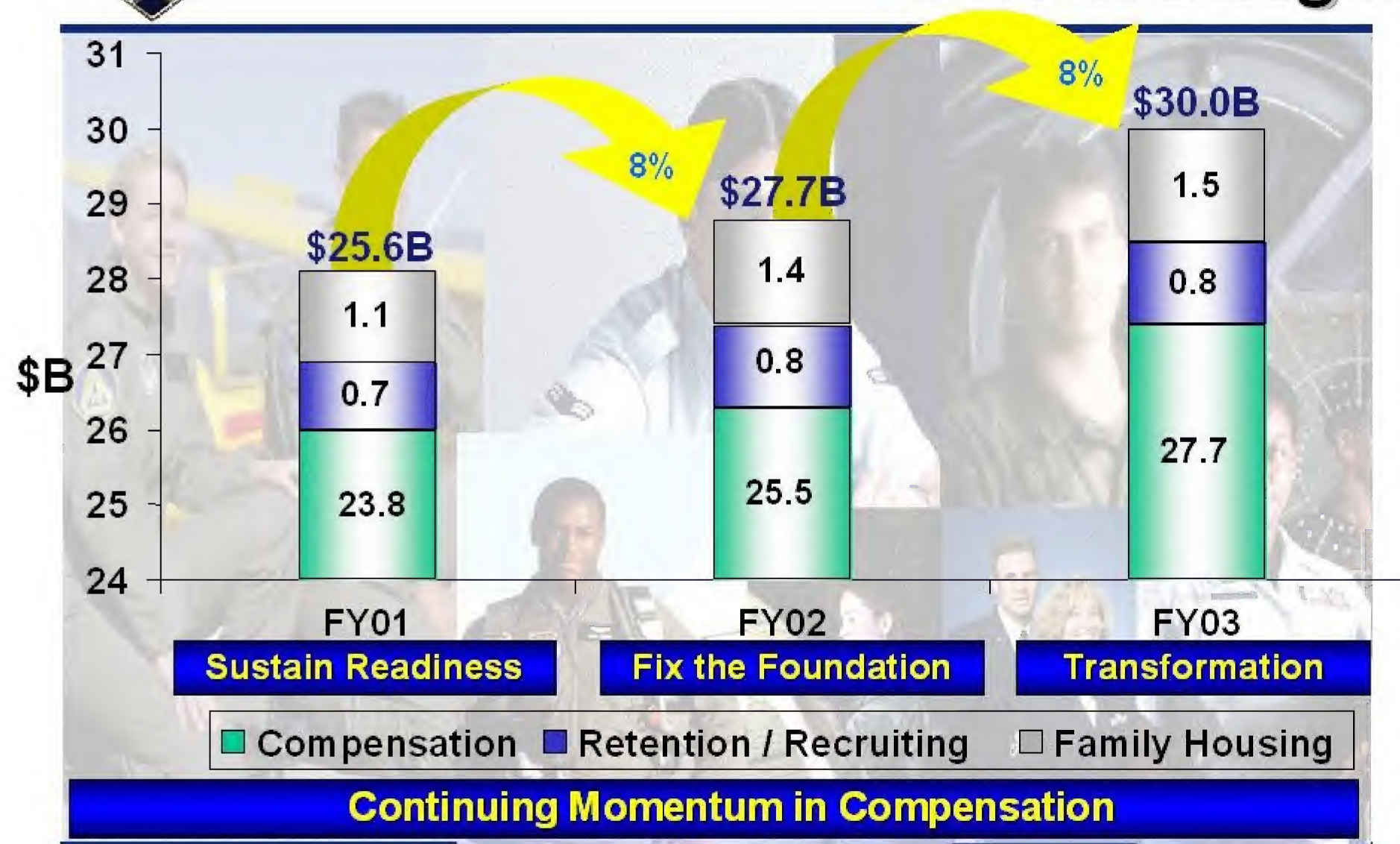
**Modernization \$28.3B
+ \$4.5B**





PEOPLE

34% of Budget





Military Compensation Retention Based Strategy

- **Pay Raise: + 4.1%**
 - Increase Standard of Living
 - Improve Quality of Life
 - SSgt (+ \$941/yr) -- Captain (+ \$1,980/yr)

- **Housing Allowance**
 - “Out-of-pocket” Expenses Reduced 11.3% to 7.5%
 - On Path to Zero by FY05
 - Relieves Financial Burden For Our Military Families
 - Allows Suitable Community Housing





Military Compensation Retention Based Strategy

- **Thrift Savings Plan**
 - **Increases Allowed Contribution Amount From 7% to 8%**
 - **Provide Savings Opportunity For Future Retirement**
- **Tricare For Life**
 - **Most Sweeping Improvement In 30 Years**
 - **Permanent Healthcare Benefit After Retirement**

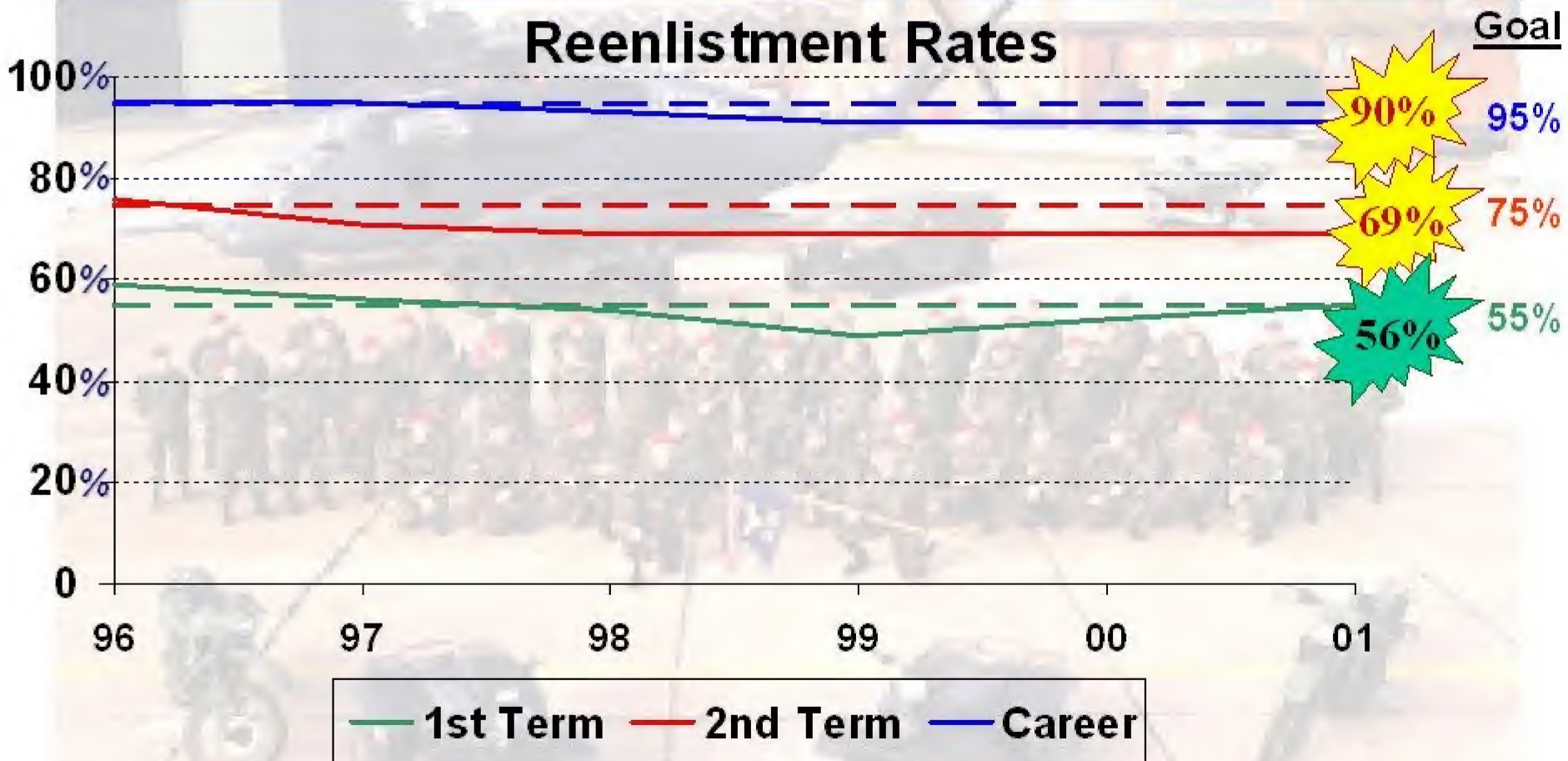
**Recruiting Airmen
Retaining Families**





Air Force Enlisted Retention Trend

Reenlistment Rates



Air Force -- A Retention-Based Force



Recruiting and Retention Focused Investment Strategy



Meeting Recruiting Goals & Achieving Retention Success

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Civilian Compensation Shaping the Future Force

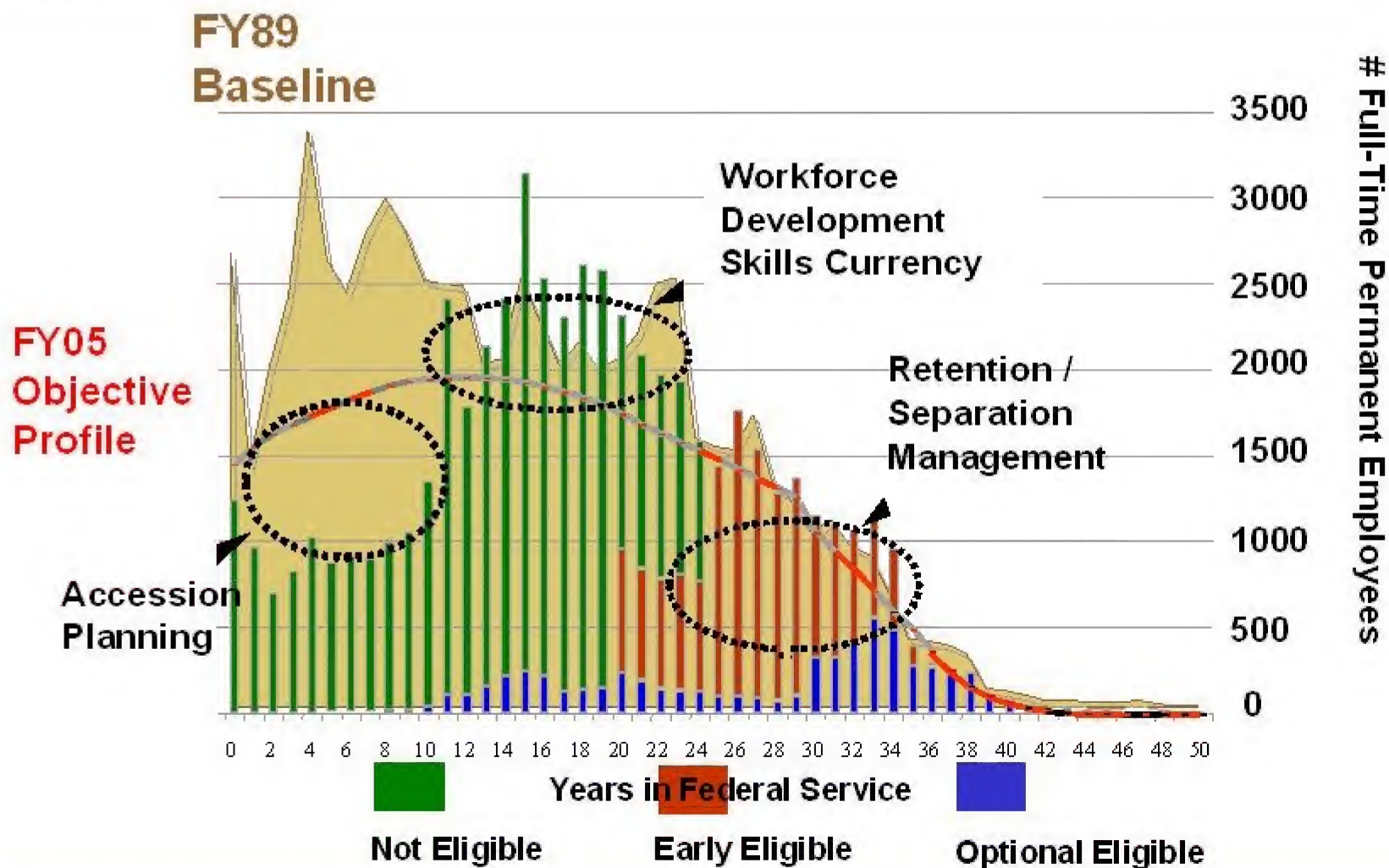
- **Pay Raise: 2.6%**
 - **Commensurate With Federal Raises**
- **Continues Special Salaries Targeting Critical Skills**
 - **Information Technology -- + \$5,600/yr**
 - **Air Traffic Controllers – + \$2,800/yr**
- **Must Recruit and Retain a Quality Workforce**
 - **Workforce Shaping Initiatives:**
 - **Increased Internships (\$52.1M) / Co-op Students (\$1.8M)**
 - **Recruiting and Relocation Bonuses (\$1.2M)**
 - **Student Loan Repayment (\$3.0M)**



40% Eligible for Retirement in Next 5 Years



Civilian Career Force Objective Profile





Family Housing

- Operates & Maintains Current Housing Inventory of 103K Units

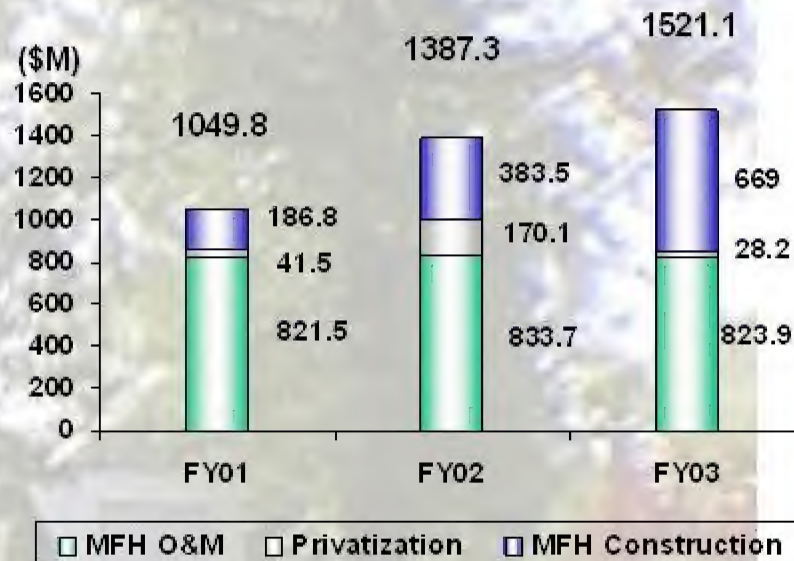
- Modernizes 8,400 Units In FY03

- Replaces & Revitalizes 3,800 Units
(Up From 3,200 In FY02 1,760 In FY01)

- Continues Privatization Program

- Total Program -- 27,000 Units
- 25 On-going Projects -- 22,400 Units
- 5 New FY03 Candidates -- 4,600 Units

- 45% Increase in Family Housing Budget from FY01 to FY03

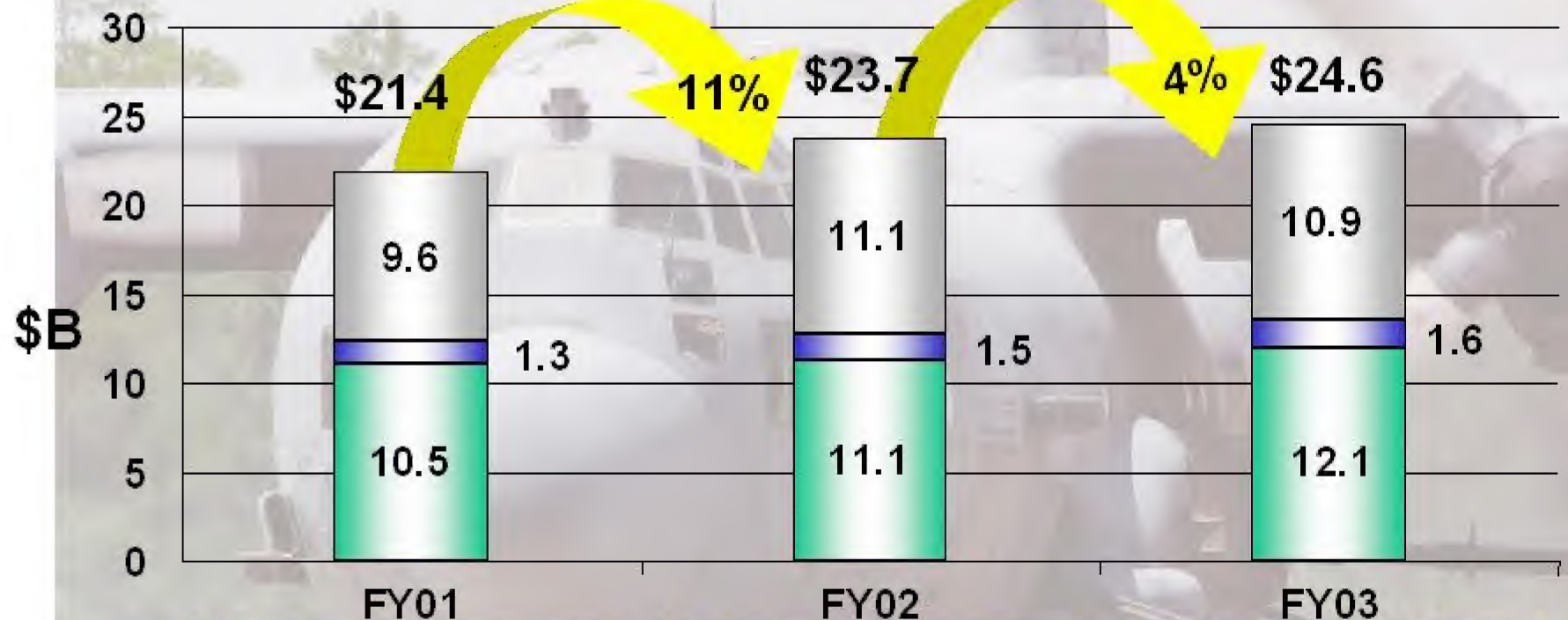


Accelerates Housing Modernization



Operations / Readiness

28% of Budget



Sustain Readiness

Fix the Foundation

Transformation

■ Mission Support ■ Space Ops ■ Flying Ops

Sustains FY02 Gains -- Allows Transformation



Aircraft Mission Capable Rates vs Total Investment



Total Investment

Depot Repaired Spares
Aircraft Modifications
Depot Maintenance

Mission Capable Rate

Percentage of all aircraft
capable of fulfilling
assigned mission

Our Investment Is Paying Off



Air & Space Operations

■ **\$10.9B Flying Operations**

- **\$6.1B - Funds Spares, Supplies, & Fuel**
- **\$2.1B - For Contractor Logistics Support**
- **\$2.7B - For Depot Maintenance**
 - **Funds 369 Airframes & 833 Engine Overhauls**
- **2.1M Flying Hours**

■ **\$487M Combat Training**

- **Sustains 26 Ranges & 170+ Exercises**

■ **\$1.6B Space Operations**

- **50 Launches (33 DoD, 4 Commercial, & 13 Civil)**
- **Sustains 2 Ranges & 45 Facilities**



Funds the Heartbeat of the Air Force



Mission Support

■ **\$6.1B Overall Base Support:**

- Base Communication
- Base Operating Support
- Child Development & Family Support
- Real Property Services (Utilities)
- Environmental

■ **\$905M Training & Education**

- Professional Military Education
- Accessions
- Technical Training

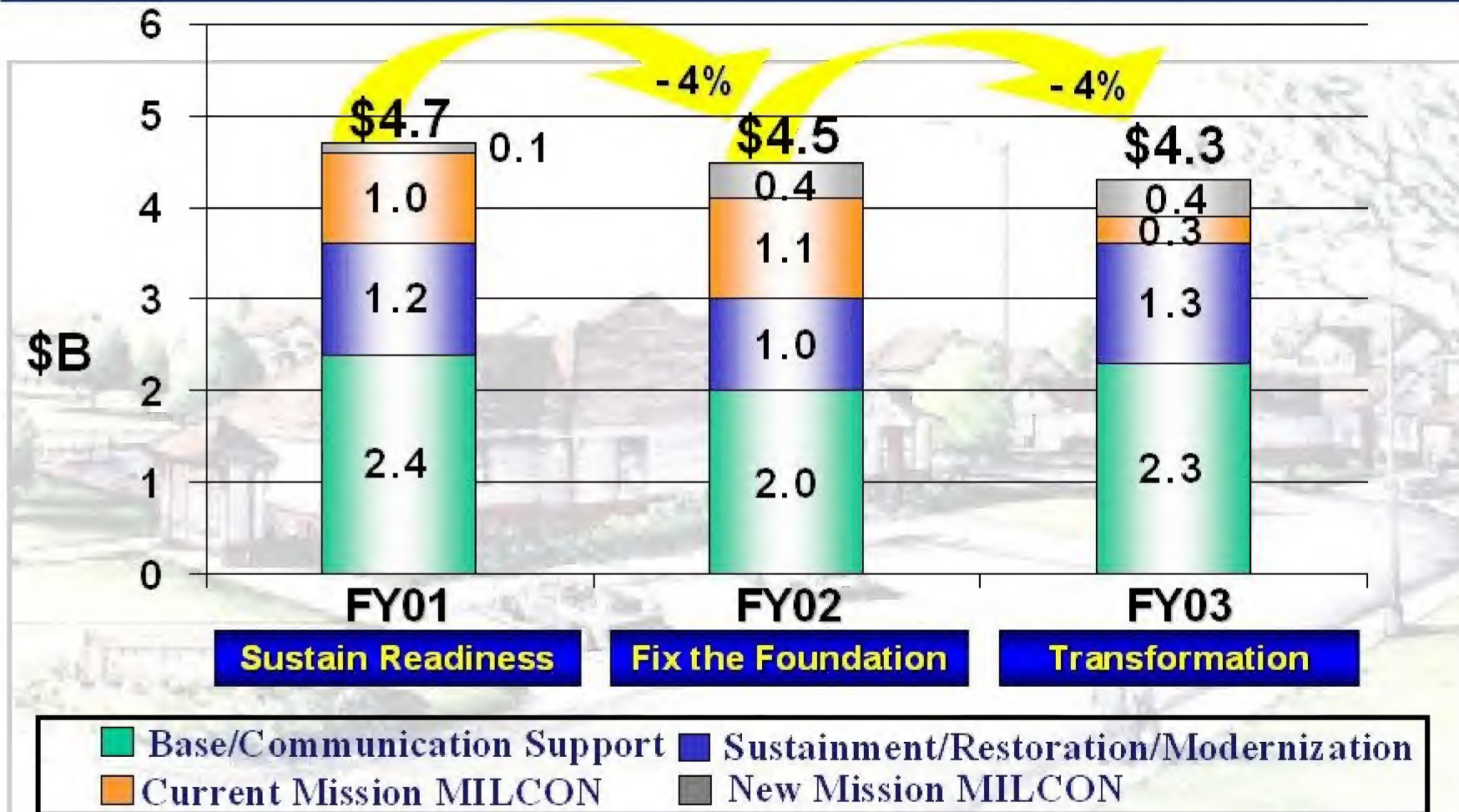


Critical Enablers for Warfighters

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Physical Plant 6% of Budget



Sustain Facilities & Improve Communications Backbone



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Physical Plant Investment Strategy

- Accommodate New Missions
- Invest in Quality of Life Improvements
- Continue to Lead in Environmental Stewardship
- Sustain, Restore, and Modernize Our Physical Plant
- Optimize Use of Public and Private Resources
- Continue Our Demolition Program



DETECT

INFORM

PROJECT

LEVERAGE

DENY

Global Hawk
(INFORM)

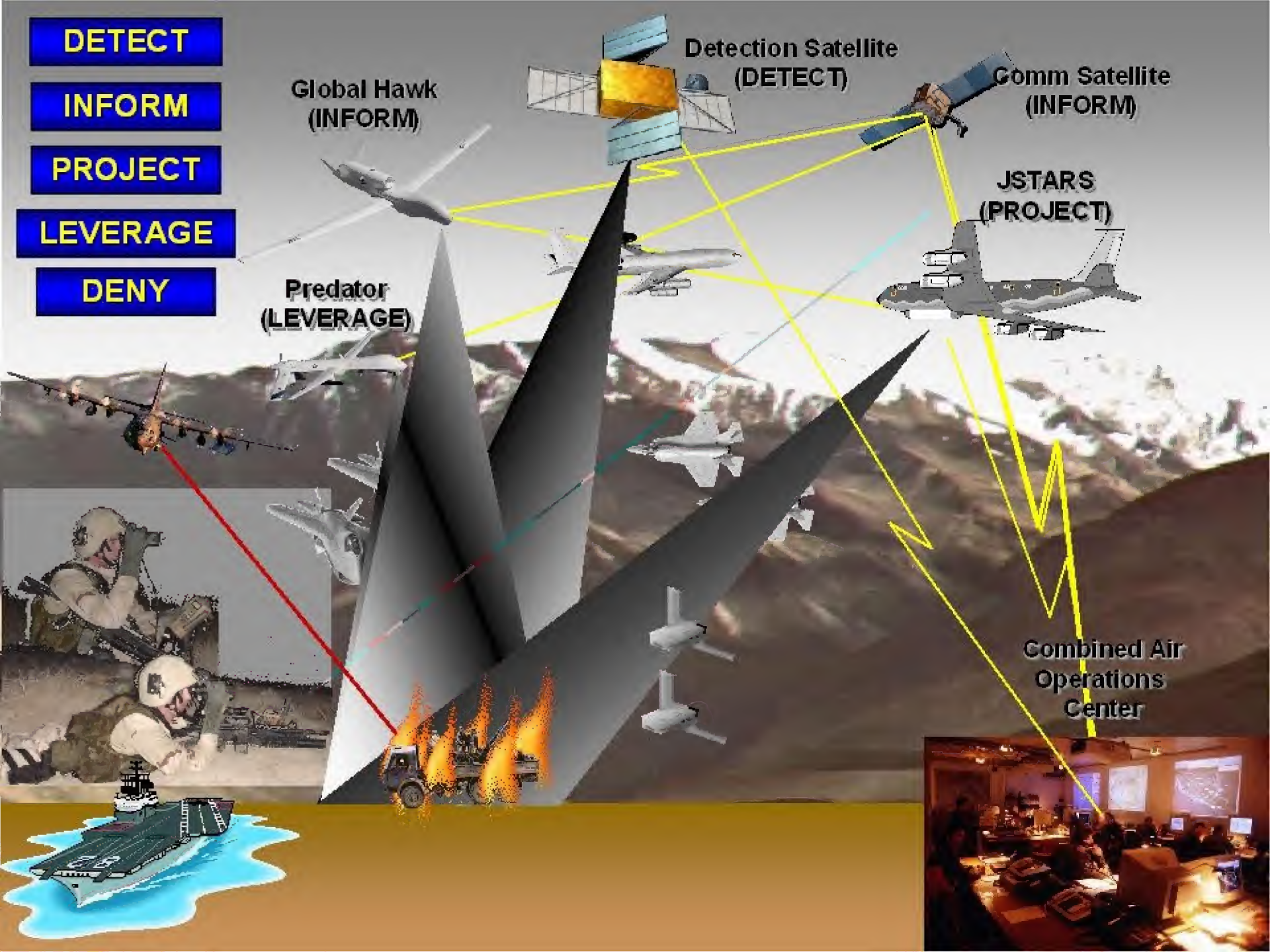
Detection Satellite
(DETECT)

Comm Satellite
(INFORM)

JSTARS
(PROJECT)

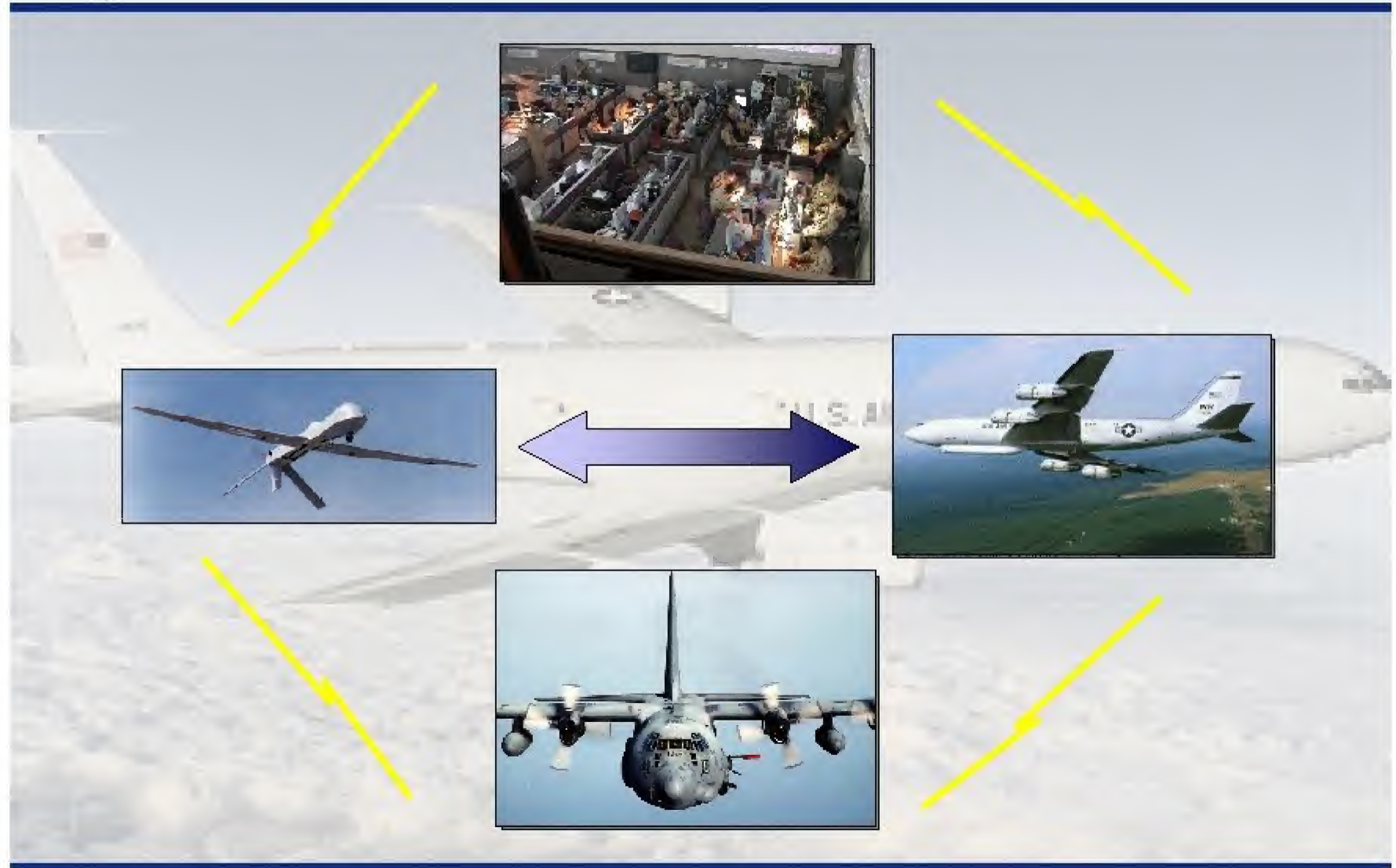
Predator
(LEVERAGE)

Combined Air
Operations
Center





Horizontal Integration.....

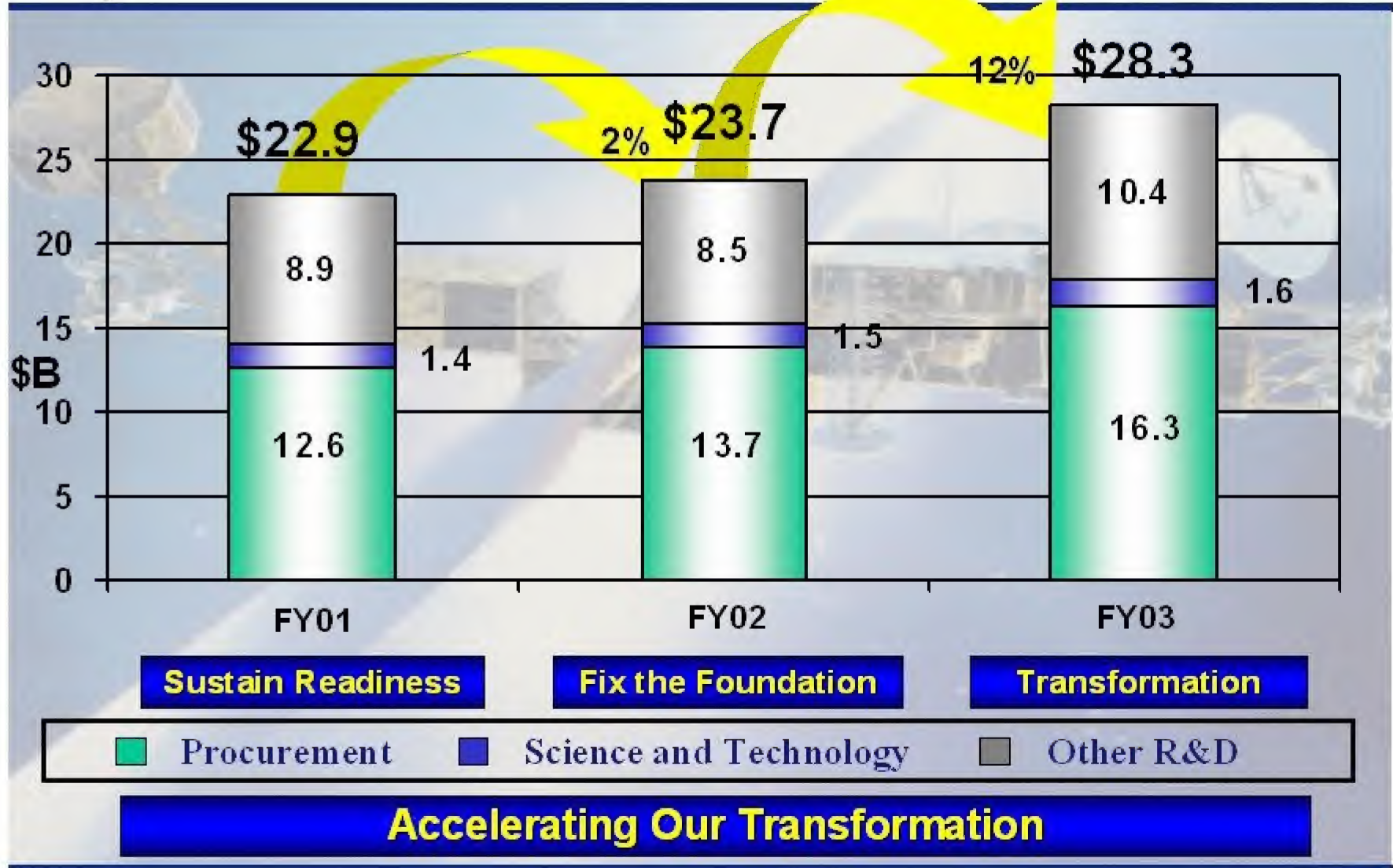


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Modernization/Transformation

32% of Budget



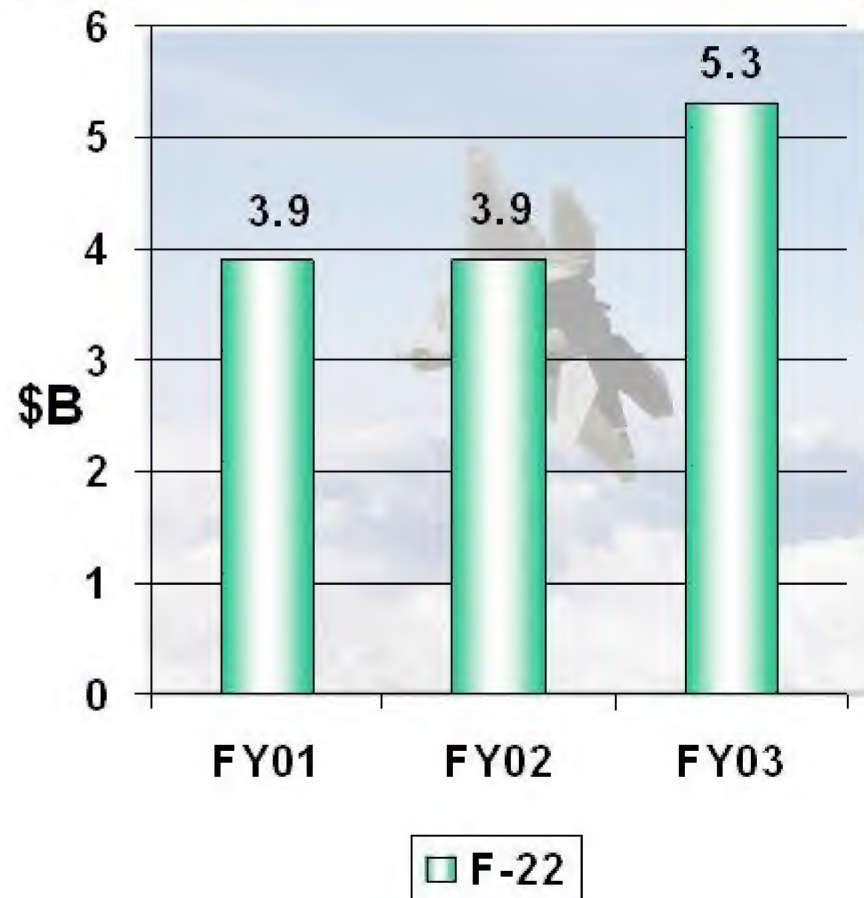


Transformation -- F-22

Quantity 10

13

23



Capabilities/Effects

- **24 Hour Stealth Capability**
- **The 21st Century Kick-Down-the-Door Fighter That Replaces Aging F-15s**
- **Revolutionary Blend of Advanced Stealth, Integrated Avionics, Maneuverability, & Supercruise**



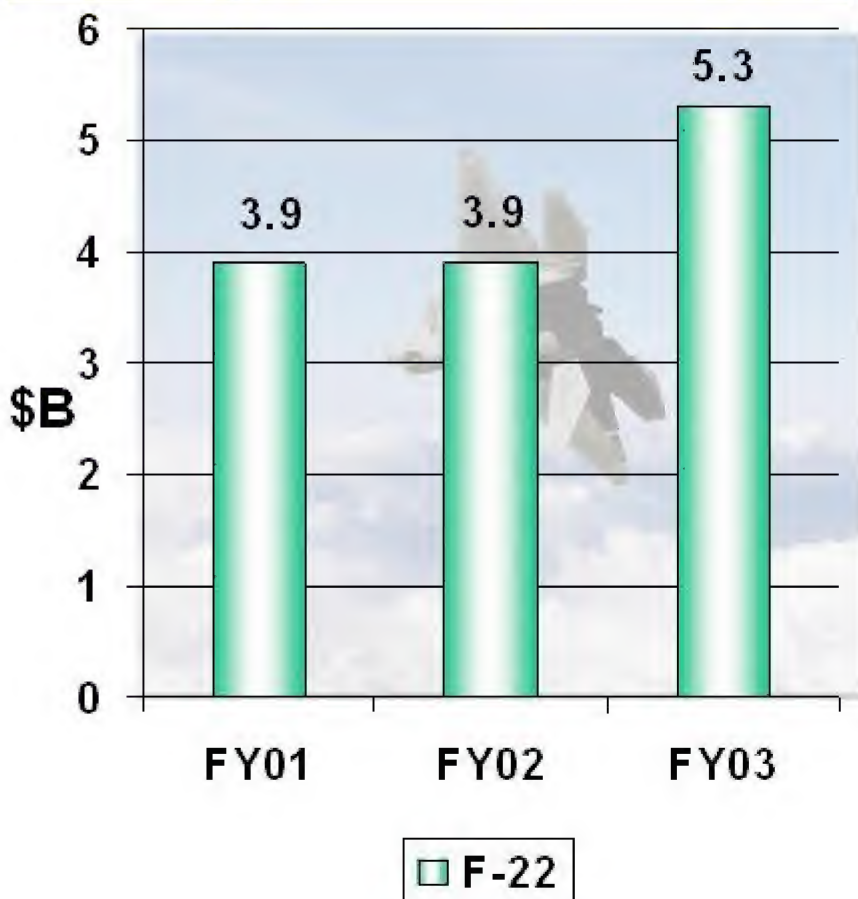
IOC: Initial Operating Capability

FOC: Full Operating Capability



Transformation -- F-22

Quantity 10 13 23



Capabilities/Effects

FY03 and Beyond

- **Next Generation Air Superiority Fighter**
- **Defeat Enemy Anti-access Ability**
- **24/7 Battlefield Dominance**
- **Freedom of Movement for Follow-On Joint Forces**

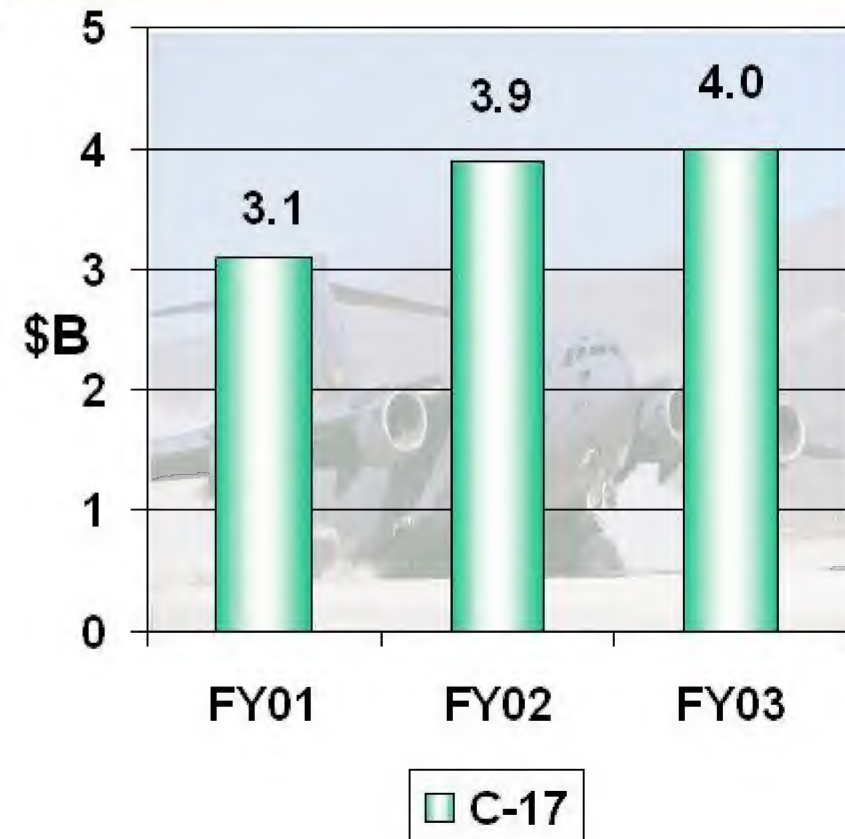
Program Status:

- **IOC: Dec 05**



Transformation -- C-17

Quantity 12 15 12



Capabilities/Effects

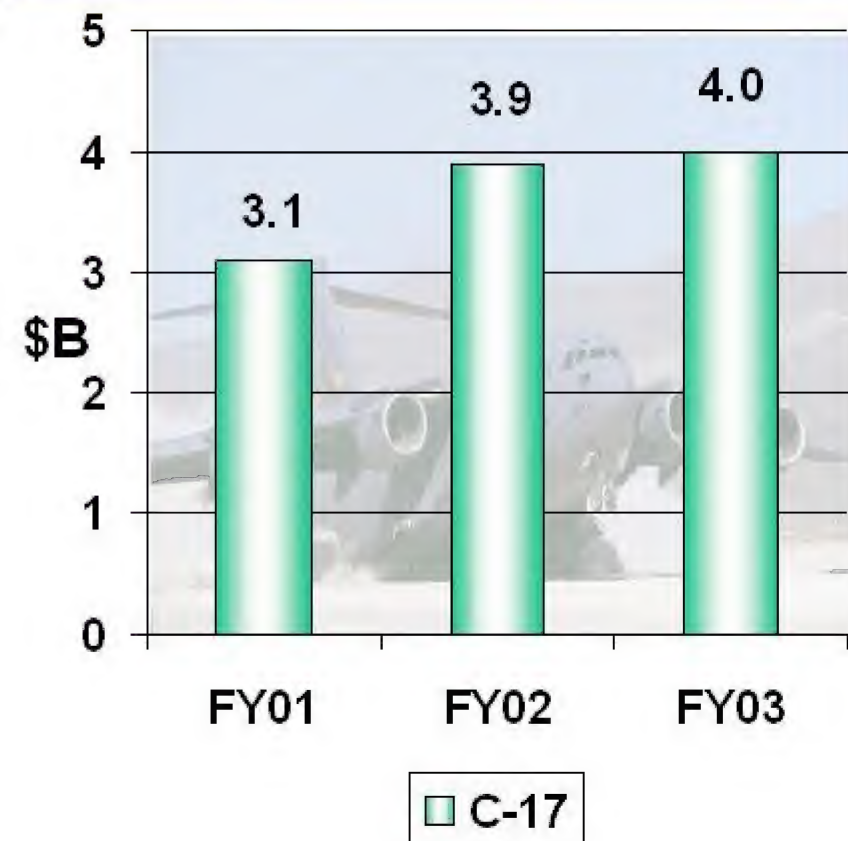
- **Rapid Strategic Delivery of Troops and All Types of Cargo**
- **Tactical Airlift and Airdrop Missions When and Where Required**





Transformation -- C-17

Quantity 12 15 12



Capabilities/Effects Rapid Strategic FY03 and Beyond

- Only Aircraft Capable of Entire Spectrum of Airlift Missions
- Proves Itself Every Day Around the World and in Afghanistan
- Uses Half the Runway Required for a C-141

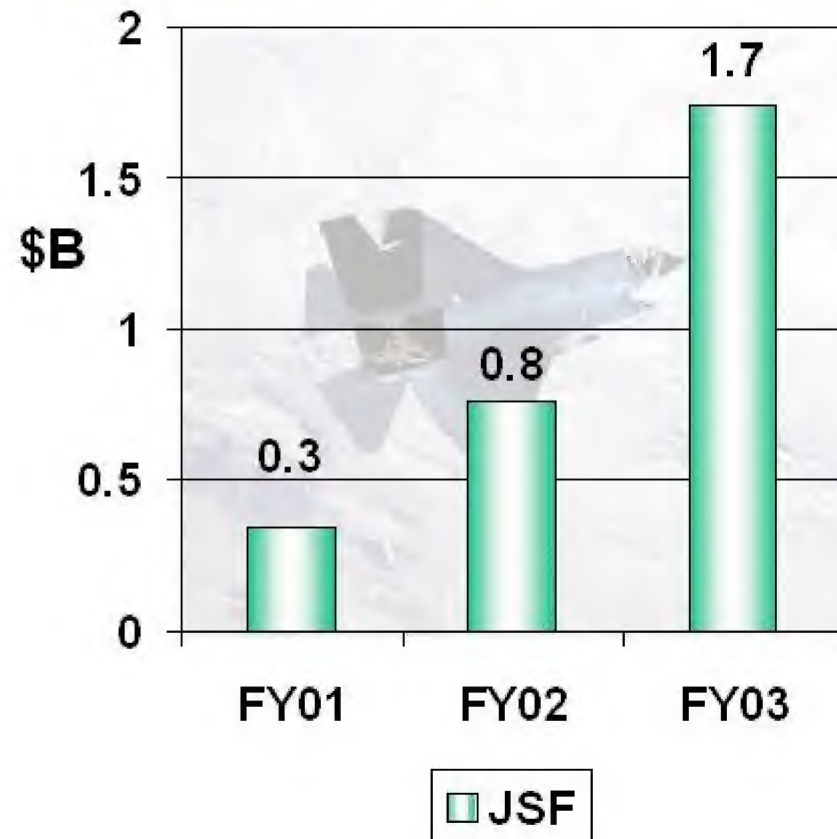
Program Status:

- New Multi-year Procurement for Additional 60 Aircraft



Transformation -- JSF

Development Stage



Capabilities/Effects

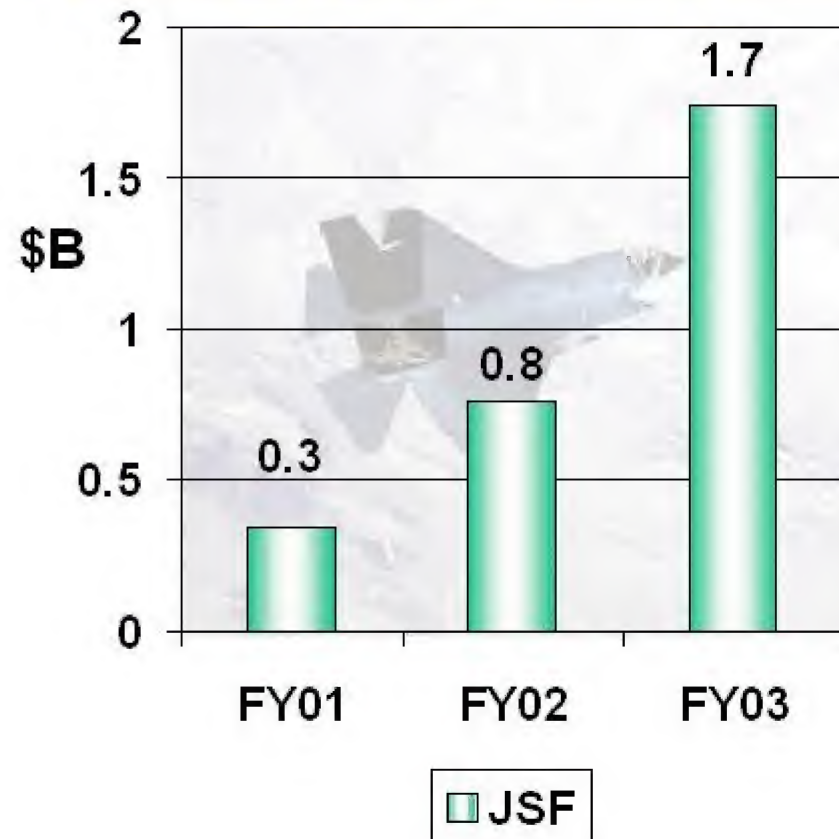
- **Persistent Battlefield Dominance to Attack Heavily Defended Mobile and Fixed Targets**
- **Affordable, Survivable, Lethal, All-weather, Precision, Air to Ground Next Generation Fighter**
- **New Fighter for Navy, Marine Corp, Air Force, and Our Allies**





Transformation -- JSF

Development Stage



Capabilities/Effects

FY03 and Beyond

- **Stealthy, Able to Carry Large Payloads and Multi- Spectral Avionics**
- **Reduced Logistical Footprint**
- **Improves Coalition Operations and Interoperability**

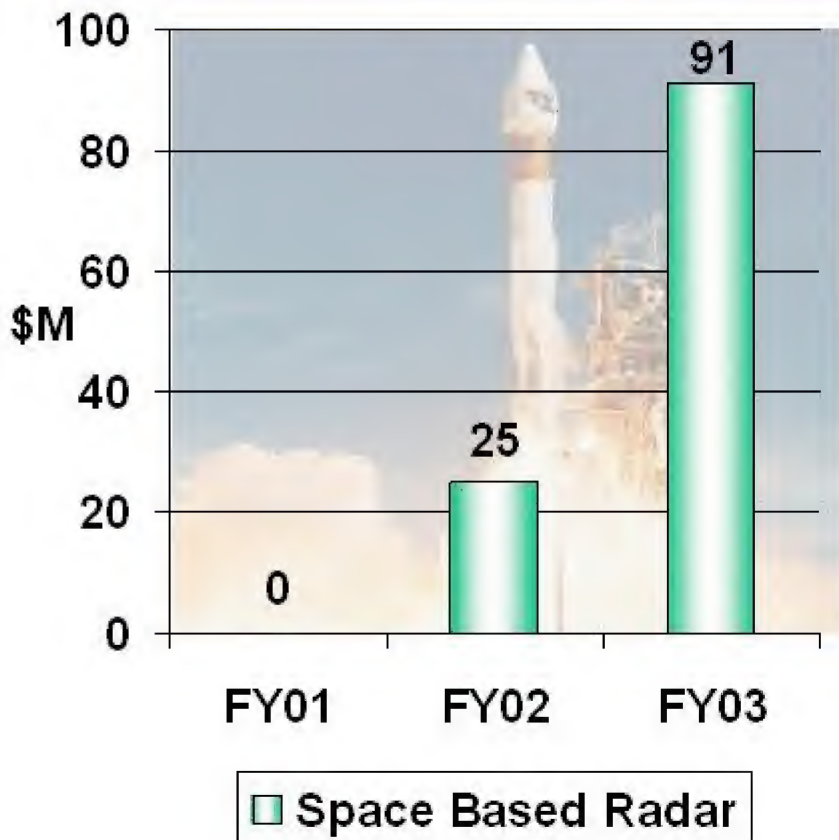
Program Status:

- **On Track for IOC in FY11**



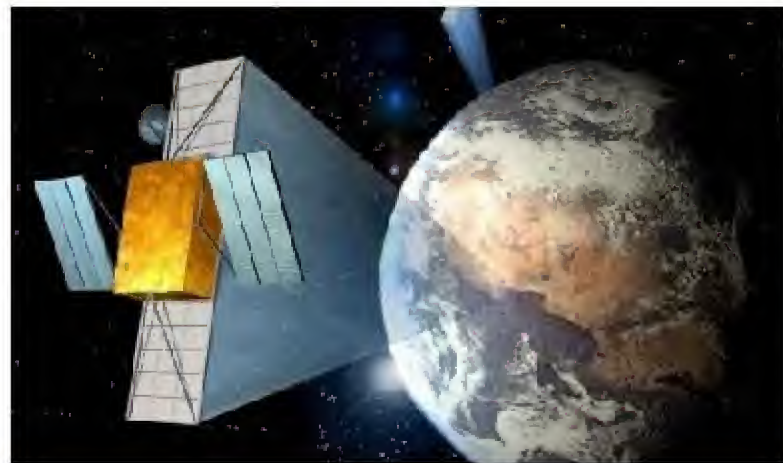
Transformation -- Space-Based Radar

In Development Phase



Capabilities/Effects

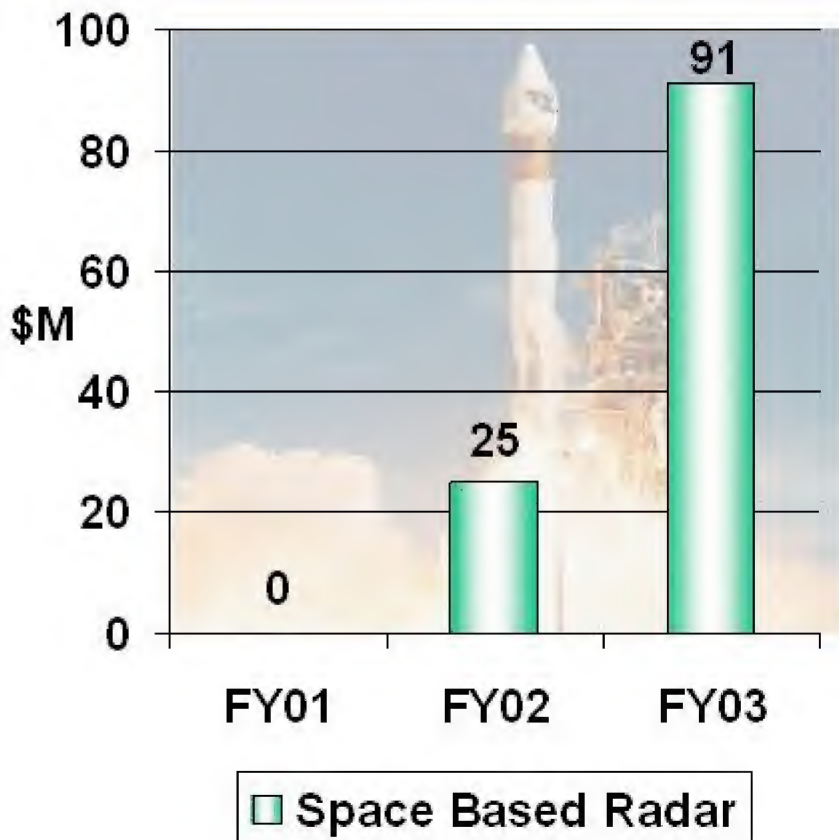
- **Day/night, Near Continuous Battle-space Surveillance**
- **Provides High Resolution 3-D Radar Mapping**
- **Enables Battlefield Commander to Detect, Characterize & Attack Critical Targets**





Transformation -- Space-Based Radar

In Development Phase



Capabilities/Effects

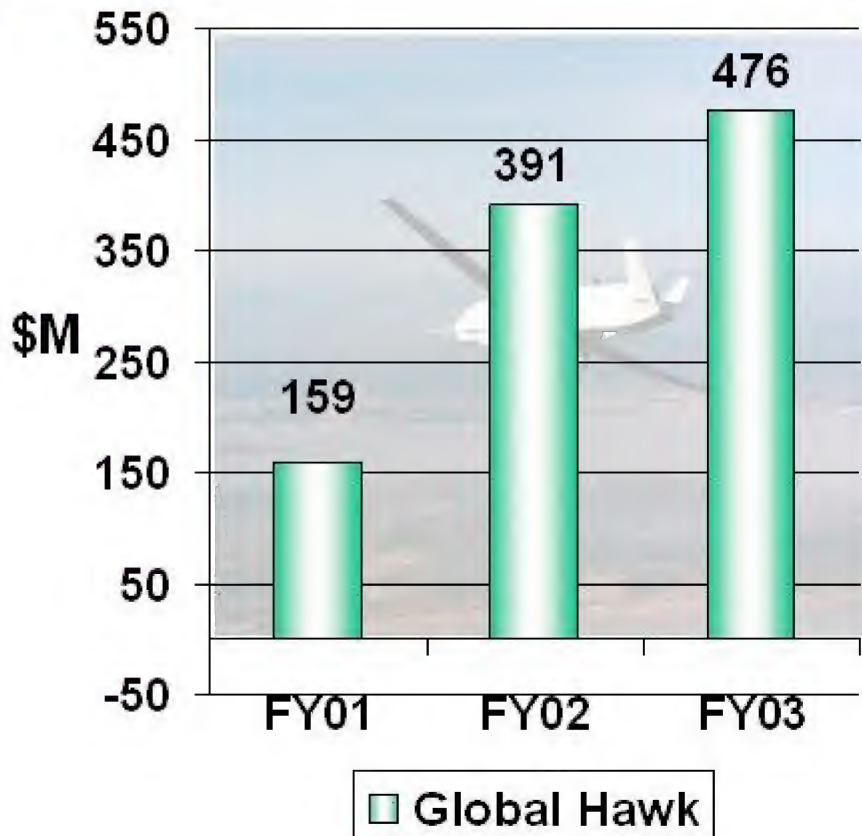
FY03 and Beyond

- Program is in Early Development Phase
- Program Status
- First Launch FY10
- FY13 Initial Operating Capability



Transformation -- Global Hawk

Quantity	0	3	3
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Capabilities/Effects

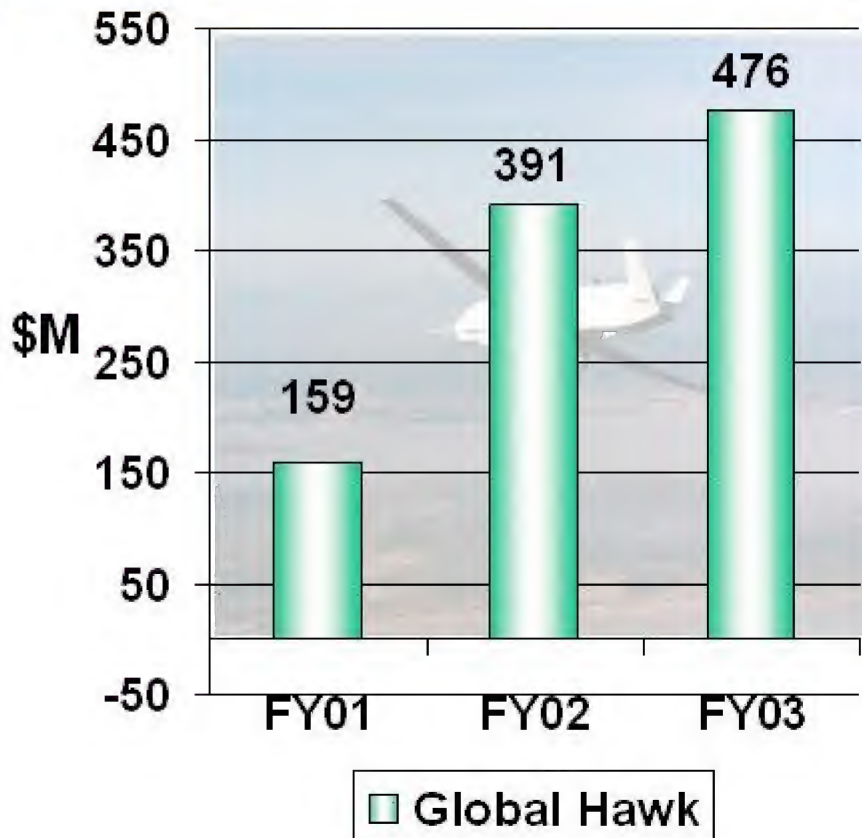
- Unmanned High Altitude, Persistent Surveillance
- High Resolution, Near Real-time Imagery of Large Geographic Areas





Transformation -- Global Hawk

Quantity	0	3	3
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Capabilities/Effects

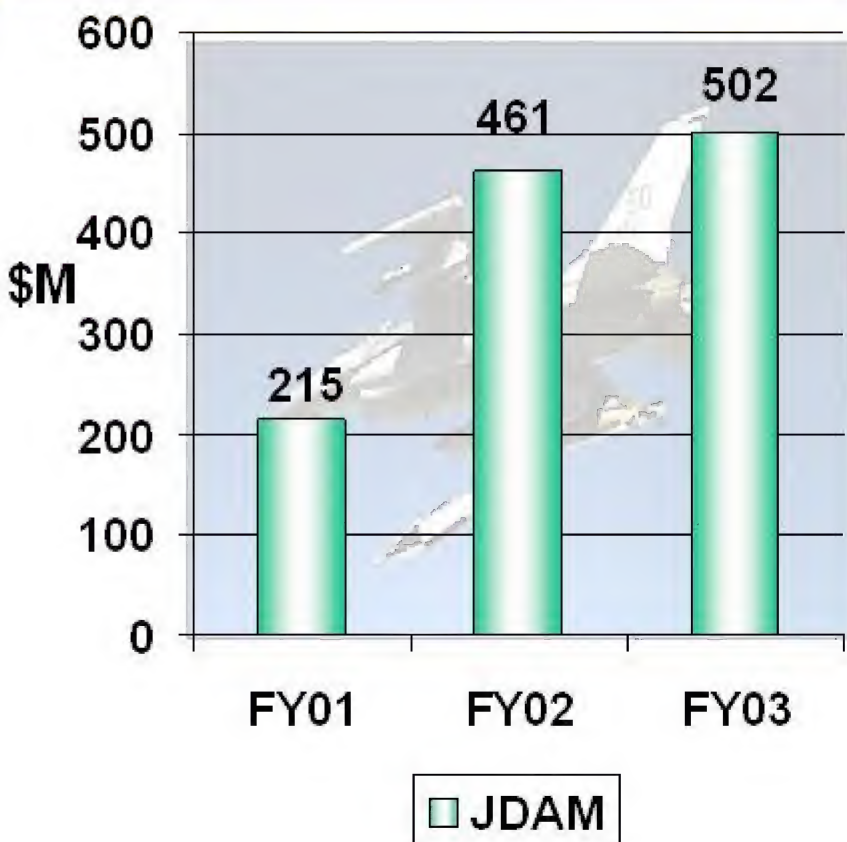
FY03 and Beyond

- **Unmanned Surveillance Flights Decrease Risk to Pilots, Increase Time Over Area**
- **Highly Accurate Data Transmitted Near Real-time for Time Sensitive, High Priority Targets**
- **Program Status:**
- **Program Is Still in R&D, but Being Used Operationally**



Transformation -- Joint Direct Attack Munitions (JDAM)

Quantity 8.9K 14.3K 22.7K



Capabilities/Effects

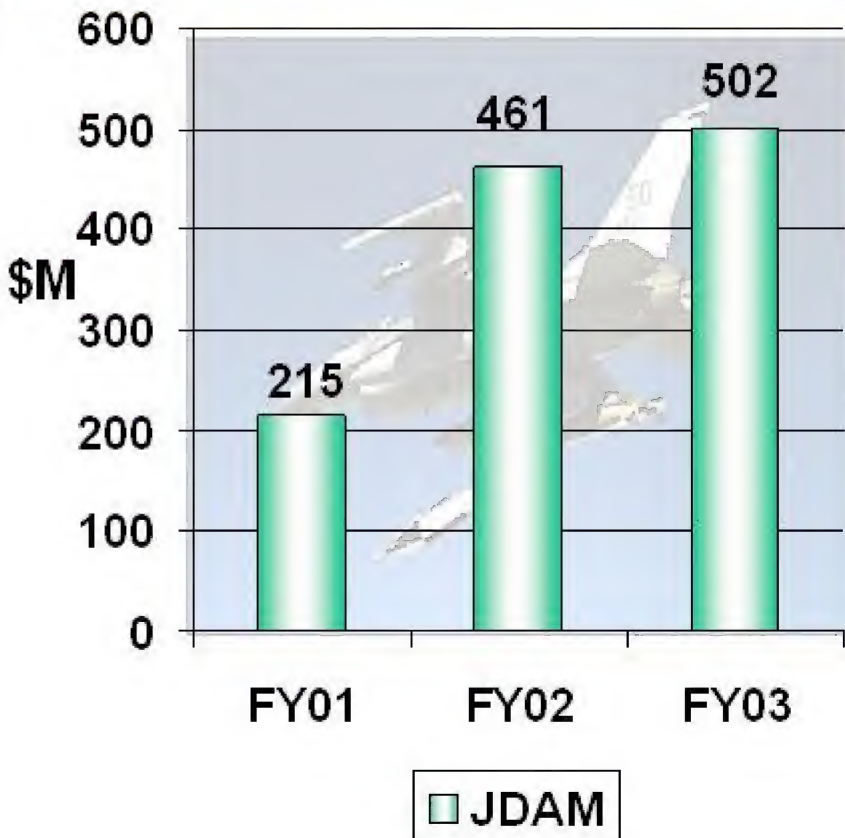
- Heavily Used in Afghanistan
- Precise All-Weather Weapon Delivery Capability Uses Global Positioning System to Gain Accuracy





Transformation -- Joint Direct Attack Munitions (JDAM)

Quantity 8.9K 14.3K 22.7K



Capabilities/Effects

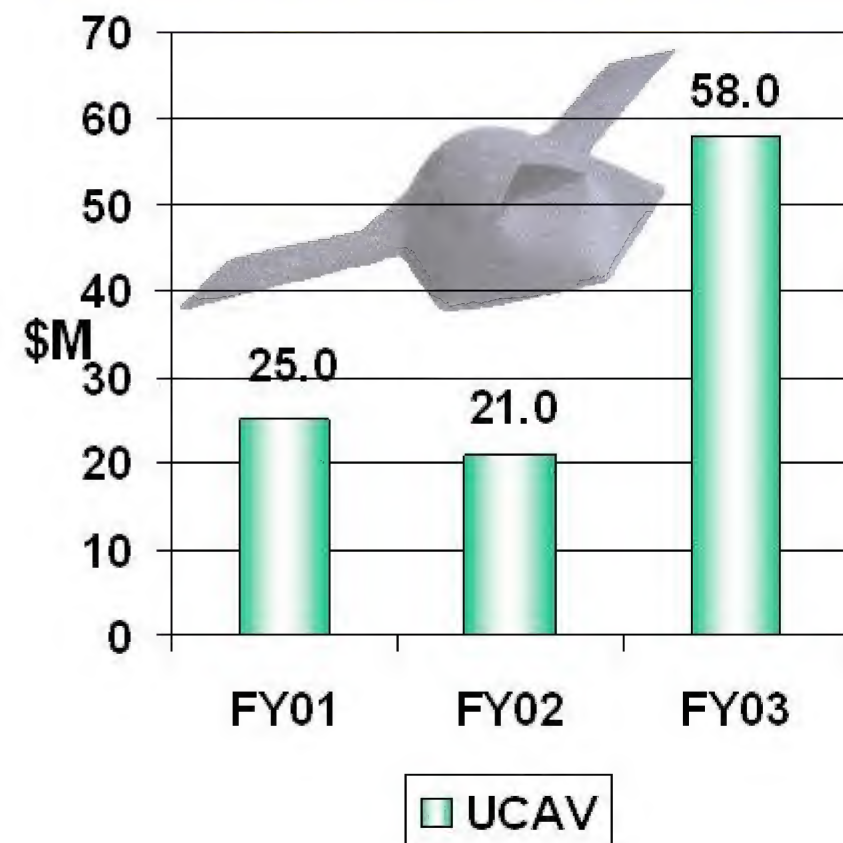
FY03 and Beyond

- **Increasing Production Rates in FY03 to Reconstitute Inventory**
- **Integration Effort Will Enable All Fighters and Bombers to Employ the JDAM**



Transformation -- Unmanned Combat Air Vehicle (UCAV)

In Development Phase



Capabilities/Effects

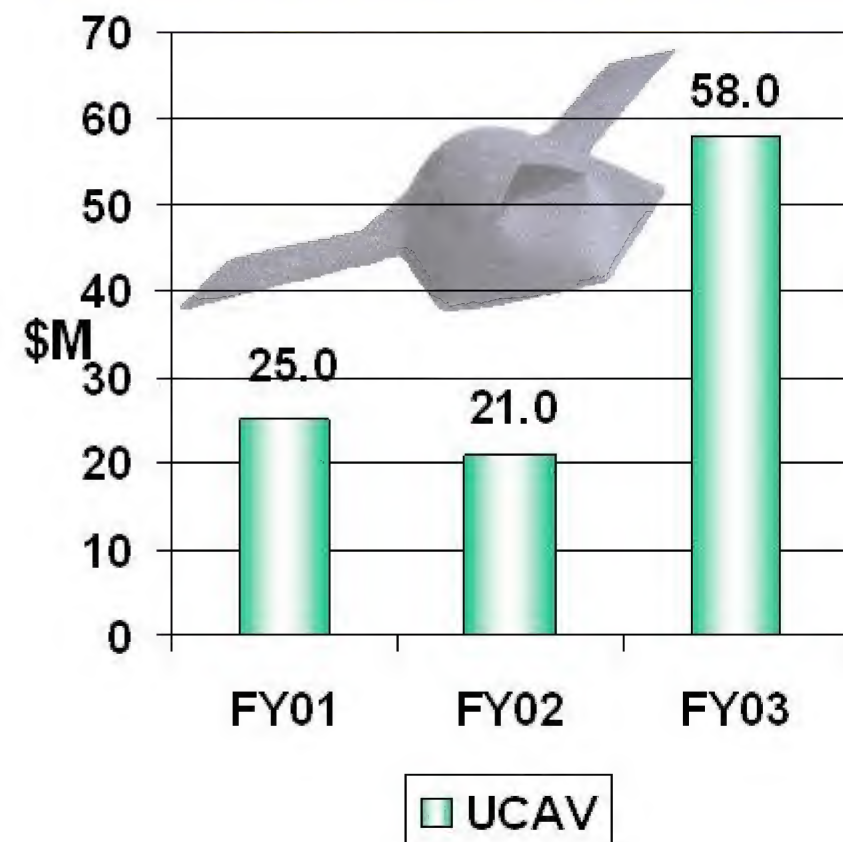
- **Revolutionary Suppression of Enemy Air Defense and Strike Capabilities**
- **Augments Manned Systems for High Risk High Priority Targets**
- **Persistent Battlefield Domination**





Transformation -- Unmanned Combat Air Vehicle (UCAV)

In Development Phase



Capabilities/Effects

FY03 and Beyond

- **Helps Sustain Asymmetric Advantage Into the Future**
- **Program Status:**
- **Systems Demonstration With Defense Advanced Research Projects Agency (DARPA)**
- **Early Operational Capability in FY08**



FY03 Air Force Budget

**People \$30B
+ \$2.3B**



**Readiness \$24.6B
+ \$0.9B**



**Physical Plant \$4.3B
- \$0.2B**



**Modernization \$28.3B
+ \$4.5B**



Summary

- The FY03 Budget Continues Investment in Our People and Maintains Prior Year Gains in Readiness, While Accelerating Air and Space Transformation
- Transformation Will Combine Stealth and Advanced Weapons With a Horizontally Integrated Surveillance and Reconnaissance Capabilities From Air and Space
- These Capabilities Will Enable Our War Fighters to Have the Right Information, at the Right Place and at the Right Time

**Allows us to Strike Any Adversary, Any Place, Any Time,
Any Weather, Day or Night**



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